

A medical appliance is defined as an item that is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See 86 Ill. Adm. Code 130.310. (This is a GIL).

December 24, 2001

Dear Xxxxx:

This letter is in response to your letter dated September 2001. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See, 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

AAA is in the business of manufacturing and selling external defibrillators and accessories. External defibrillators are used in cardiac emergencies to correct abnormalities in the heart's electrical system. External Defibrillators can have several functions, the main function is to give an electrical charge to the heart to stimulate a normal heart beat. Other functions of defibrillators can be monitoring of the pulse, blood pressure, oxygen saturation and other vital statistics.

The question is, would durable medical products (defibrillators) in this situation be exempt from sales tax? Would the accessories to operate them also be exempt, i.e. batteries, adaptors, cables etc.? This product must have a prescription or a licensed/certified person to administer or prescribe, but it is also a durable medical product that is only used when needed. Enclosed you will find copies of the brochures detailing some of the defibrillators and their functions.

Could you please send us an official ruling regarding the taxability of external defibrillators.

If you have any further questions please feel free to call me. I appreciate your help in clearing up this question.

All gross receipts from sales of tangible personal property in Illinois are subject to Retailers' Occupation Tax unless an exemption is specifically provided. Medicines and medical appliances are not taxed at the normal rate of 6.25%. These items are taxed at a lower rate of 1%. Please see the enclosed copy of 86 Ill. Adm. Code 130.310. Items subject to this lower tax rate include prescription and nonprescription medicines, drugs, and medical appliances for human use.

A medical appliance is defined as an item that is intended by its manufacturer for use in directly substituting for a malfunctioning part of the body. See subpart (c) of Section 130.310. Medical devices that are used for diagnostic or treatment purposes do not qualify for the lower tax rate.

From the information provided it appears that the durable medical products (defibrillators) manufactured and sold by your company do not qualify as a medical appliance as defined by Ill. Adm. Code 130.310(c). Because external defibrillators are tools used in cardiac emergencies to assist the heart's ability to correct the body's electrical system, defibrillators do not directly replace a malfunctioning part of the body. These products are not exempt from Illinois sales tax and do not qualify for the lower 1% tax rate. Also, any batteries, cables, or adapters necessary for the maintenance and use of the durable medical products would not qualify for the low 1% sales tax rate.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Shane McCreery

By:

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SM:JTG:msk

Enc.